

**UTILITY CONSUMER REPRESENTATION FUND  
ANNUAL REPORT**

**CALENDAR YEAR 2015**

**UTILITY CONSUMER PARTICIPATION BOARD**

Mr. James MacInnes, Chair  
Dr. Paul Isely, Vice Chair  
Mr. Conan Smith  
Mrs. Susan Licata Haroutunian  
Mr. Ryan Dinkgrave

## EXECUTIVE SUMMARY

PA 304 of 1982 established a separate proceeding that allows energy utilities to more quickly recover costs for power supply and purchased gas than they otherwise could in a full rate case. It further created the Utility Consumer Representation Fund (UCRF) to provide financial resources for customers who pay these costs to be represented in these utility cost recovery proceedings.

UCRF funds are collected by certain utilities in their rates. The UCRF funds collected are split between the Attorney General (AG) and the Utility Consumer Participation Board (UCPB). The Attorney General uses the funding to advocate on behalf of the interests of the State of Michigan utility customers in general, and the UCPB is responsible for granting funding to specific interest groups to advocate on behalf of the residential consumer groups they represent.

In 2015, Michigan's six largest investor-owned utilities that use cost recovery proceedings collected and remitted \$1,173,850 to the Utility Consumer Representation Fund. The UCPB was allocated \$557,579. The remaining 5 percent (\$58,692) was allocated for administrative costs.

The FY 2015 budget authorization for the UCPB was \$950,000. The request and authorization included the current year allocation plus reserve funds accrued from past years. Of that amount, \$902,500 was available for awarding FY 2015 grants and \$47,500 was allocated for administrative costs. Due to the commitment to reimburse the Attorney General's fund balance as identified in 2014, the amount available for the board to award grants was reduced.

In 2015, AY 2016 grants totaling \$306,360 were awarded to Citizens Against Rate Excess (CARE), Michigan Environmental Council (MEC), the Residential Ratepayer Consortium (RRC), and the Great Lakes Renewable Energy Association (GLREA). The board also awarded \$122,800 in grants from AY 2015 to support interventions in new and ongoing cases. The total amount of grants from the 2015 authorization was \$599,200, leaving an unspent authorization of \$303,300. This amount reflects both insufficient revenue to support the authorization and the reimbursement to the Attorney General for replenishing the fund balance. This action was agreed to by the board in 2014, at which time they took immediate steps to reduce and curtail 2015 grant approvals.

In 2015, UCRF funding assisted consumer representation groups, directly and in collaboration with other parties, achieve significant benefits for Michigan residential utility customers. Major areas of impact for residential customers included Power Supply Recover (PSCR) related decisions on transfer prices, reliability and adequacy of electricity supply, PSCR 5-year and load forecasting, offsets to Gas Cost Recovery (GCR) cost of gas sold to GCR customers, improved Fixed Price Purchasing (FPP) practices and results, addressing peak power costs by exploring net metering, monitoring developments at the Midcontinent Independent System Operator (MISO).

UCPB grants resulted in hundreds of millions in savings to residential and other ratepayers as outlined in Section 3.

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### ATTACHMENT A

UCRF Grant Activity and Results for 2015 Calendar Year

### ATTACHMENT B

UCRF 2015 Grantees Membership Scope and Description

Questions regarding this report should be addressed to:

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## 1. INTRODUCTION

Public Act 304 of 1982, as amended, provides for the establishment and implementation of gas and power supply cost recovery clauses in the rates and rate schedules of public utilities. The Utility Consumer Participation Board (UCPB) and the Utility Consumer Representation Fund (UCRF) were created by the Act to achieve equitable representation of interest of energy utility customers in energy cost recovery proceedings. The purpose of the UCPB is to make grants from the fund to qualified nonprofit organizations and local units of government to represent the interests of residential utility customers in energy cost recovery and reconciliation proceedings before the Michigan Public Service Commission.

This annual report to the Legislature, which is required under Section 6m(22) of the Act, covers the activities of the UCPB for the 2015 calendar year.

From January 1, 2015, to December 31, 2015, the board awarded \$429,160 from FY 2015 funds to a consortia of several nonprofit consumer groups. Grant recipients in 2015 included Citizens Against Rate Excess (CARE), Michigan Environmental Council (MEC), the Residential Ratepayer Consortium (RRC), and the Great Lakes Renewable Energy Association (GLREA). Combined, the grantees represent statewide nonprofit groups with more than 300 member agencies and tens of thousands of individual members focused on issues related to energy costs, consumer protection, environmental, public health, emerging energy, energy conservation and community action. The actions of these grantees influence energy costs for more than 3 million residential natural gas customers and 3.5 million residential electric customers in the State of Michigan.

In 2015, UCRF grant recipients participated in proceedings on behalf of residential customers in the State of Michigan. UCRF funds helped Michigan citizen advocates achieve, directly and in collaboration with other parties, significant benefits for residential utility customers across the state. In certain cases, UCRF grantees were the only advocates for Michigan residential customers. Major areas of impact for residential customers included PSCR-related decisions on transfer prices, reliability and adequacy of electricity supply, PSCR 5-year and load forecasting, offsets to Gas Cost Recovery (GCR) cost of gas sold to GCR customers, improved Fixed Price Purchasing (FPP) practices and results, addressing peak power costs by exploring net metering, monitoring developments at the Midcontinent Independent System Operator (MISO).

The Attorney General's Office also receives UCRF funding for intervention on behalf of the utility ratepayers of Michigan. Coordination between the Attorney General, MPSC staff and other participants in UCRF funded cases is monitored by the board. Thorough review of grant applications, grant amendments, and regular reporting on case status and interventions by the UCPB continue to improve coordination of grantees' efforts with the Attorney General. This provides efficient use of resources and maximizes coverage of cases and issues without duplication of effort. The Attorney General's office is also consulted in its role as legal counsel to the board. Expenditures and results of the Attorney General's office are provided in a separate annual report submitted by its office to the legislature.

## 2. UCPB MAJOR RESPONSIBILITIES

MCL 460.6l provides for the creation of a Utility Consumer Participation Board (UCPB), defines its membership, and prescribes its duties. MCL 460.6m creates the Utility Consumer Representation Fund (UCRF), establishes provisions for its generation, distribution and use, limits the beginning dates of cost recovery proceedings, and places reporting requirements on both fund recipients and the Board.

The duties and responsibilities of the Act under these two sections were discharged as described in sections 2.1 and 2.2.

## *2.1 UCPB Board Activities 2015*

The Board approved and maintained a bimonthly meeting schedule in 2015. Regular meetings were held February 18, April 17, June 1, August 13, August 24, October 12, and December 7. All meeting notices were published and held in compliance with the Open Meetings Act. Members of the public were present at all meetings, given opportunity for public comment, and participated in board education. The board held education sessions on the following topics:

- February 18, 2015 Fund rebalancing and cost of service case updates, CARE and MEC
- August 13, 2015 Compliance with the Clean Power Plan, Institute for Energy Innovation, Douglas Jester, 5 Lakes Energy
- October 12, 2015 Transmission delivery update, ITC Holdings Corp., Kwafo Adwarko, Manager of Regulatory Strategy

Amendments and approval of new grants occurred on February 18, April 17, June 1, August 13, August 24, and December 7.

In addition, the UCRF received a one-time donation of \$25,000 from Balfour Beatty Infrastructure Group, the London, England-based holding company that purchased Upper Peninsula Power Company (UPPCo). The donation was made to the board in January 2015 after negotiations with grantee John Liskey of CARE, in lieu of UCPB funding CARE intervention in a rate case.

The 2016 UCRF Grant Announcement and Application were distributed on July 2, 2015.

The 2016 regular meeting schedule was approved on December 7, 2015. Transcripts are available for all meetings and the minutes are available on the web site [www.michigan.gov/lara](http://www.michigan.gov/lara) under "All About LARA", "Utility Consumer Participation Board."

## *2.2 UCRF Grants and Contracts Awarded by UCPB in Calendar Year 2015*

2/18/2015

MEC Amendment to Grant 15-02 for an increase of \$80,800 was approved and split 50/50 between case U-17735 (Consumers Energy Company) and U-17767 (DTE Electric). The purpose of this amendment is to establish funding for new General Rate cases as approved by the Board.

CARE Amendment to Grant 15-01 for increased funding for two new Reconciliation cases \$42,000 was approved and split between U-17312R, \$17,000, Wisconsin Electric Power Company, and U-17298R, \$25,000, Upper Peninsula Power Company.

RRC Amendment to Grant 15-03 for a zero-dollar redistribution of funding amongst eight cases was tabled for further review.

4/17/2015

MEC Amendment to Grant 15.02 for a zero-dollar redistribution of funding amongst four cases. PSCR cases U-17680 (DTE) and U-17678 (Consumers Energy Company) to General Rate Cases U-17767 DTE, and U-17735 Consumers Energy Company was approved.

RRC Amendment to Grant 15-03 for a zero-dollar request for budget modification amongst eight cases was approved.

6/1/2015

MEC Amendment to Grant 15-02 for a zero-dollar redistribution of funding amongst two cases. RE Plan Case U-17680 (DTE), to PSCR Plan Case U-17793 DTE Electric Company to fully comply with PA 295 of 2008, was approved.

GLREA Supplemental grant request to add renewable energy plan cases, DTE and Consumers Energy, to their 2014-15 grant 15-04 request was not approved.

8/13/2015

MEC Amendment to Grant 15-05 for a (\$5,050) dollar amendment, with this funding being transferred to UCRF-15-02 Case U-17735. The total Authorized Budget for Grant 15-05 is now \$194,950, and the Board extended all cases in this Grant until March 31, 2016.

MEC Amendment to Grant 15-02 for a \$5050 amendment, with this funding being transferred from UCRF-15-05 Case U-17689. The total Authorized Budget is now \$227,200, and the Board extended all cases included in this grant until March 31, 2016.

MEC Amendment to Grant 15-02 for a zero-dollar redistribution of funding amongst four cases. \$10,100 of funding from PSCR Plan Case U-17678 and \$10,100 of funding from PSCR Plan Case U-17680 to General Rate Cases U-17735 and U-17767.

8/24/2015

GLREA 2016-03 UCRF grant request for \$50,000 was approved with grantee authority to distribute funds between the Consumers Energy and Detroit Edison 2016 PSCR plan cases, Consumers Energy renewable energy biennial review, case U-17792 and the Detroit Edison renewable energy biennial review, case U-17793.

MEC 2016-04 UCRF grant request for \$110,000 was approved with grantee authority to distribute funds between the Detroit Edison, and Consumers Energy 2016 PSCR plan cases.

CARE 2016-01 UCRF grant request was amended to \$25,000 and was approved for funding the I&M Power, WEPCO, and UPPCO PSCR plan cases. Proposed amendment for adding an expert was deferred by the board until credentials could be reviewed.

CARE 2016-02 UCRF grant request for funding participation in FERC or MISO proceedings in the amount of \$35,000 was approved.

RRC 2016-05 UCRF grant request for Consumers Energy Case U-17900, regarding GCC and EUT tariffs, in the amount of \$36,360 was approved.

The 2014 UCPB Annual Report was discussed and approval was pending further review.

10/12/2015

MEC amendment to grant 15-05 funds from DTE cost of service Case U-17689 in the amount of \$10,100 be re-distributed to grant 15-02 DTE Electric general rate case, U-17767 was approved.

CARE 2016-06 UCRF grant request of \$50,000 for intervention in Case U-17895 on Act 304 issues, regarding UPPCo's rates, was approved.

The 2014 UCPB Annual Report was approved.

12/7/2015

MEC request to redistribute leftover funds from three cases within grants 15-02 and 15-05 to supplement the budget and the expert's required rate for grant 16-04, PSCR Case U-17920. A combined \$10,256 dollars was approved.

CARE requested additional cases be added to Grants 16-01 and 16-06 with no new funding. Addition of Northern States Power Company PSCR plan case and Wisconsin Public Service Corporation 2016 plan case, both approved.

Total Amount of 2015 UCRF Grant Funding Awarded in 2015 = \$122,800

Total 2015 Grant Authorization = \$902,500

Total 2015 Grants Awarded (All Years) = \$599,200

Unspent 2014 Grant Authorization = \$303,300

Total Amount of 2016 UCRF Grant Funding Awarded in 2015 = \$306,360

Estimated Rebalancing Amount (End of 2014) = \$220,000

### *2.3 Resource Availability*

The total UCRF funding requested by applicants in the initial 2015 authorization year grant cycle was:

\$1,099,210. This included \$278,760 in requests for funds to intervene in new Cost of Service proceedings created by the Legislature in PA 169 of 2014. This law specifically allowed for UCRF funds to be used to advocate for residential interests, though no additional funding was provided. The UCRF authorization for grants was \$902,500<sup>1</sup>. The potential funding deficiency based on the initial proposals submitted was \$196,710. The board determined that grants would be prioritized and awarded in phases. This allowed the board to examine work plans for cases more closely and more proximate to the actual filing dates. This also allowed grantees to refine and modify grant requests prior to full consideration and approval. Grantees deferred many requests due to the phase-in approval process adopted by the board. The board was unable to fund or was forced to reduce funding to later phase grant requests due to the rebalancing issue and funding deficiency.

In addition to intervener funds, the board approved a 2015 administrative support contract in the total amount of \$18,500. This was reduced from \$23,925 in 2014.

### *2.4 Resource Efficiency and Non-Duplication/Due Diligence*

To further resource efficiency, the board has modified its grant review process to consider and award grants in phases closer to the actual filing dates and has also made very conservative approvals based on the work plans presented by grantees. The board has encouraged grantees to use resources carefully but to also return to the board if developments in or demands of the case require additional resources. This allows detailed work plans based on the proceedings and expected results in the case can be provided and evaluated.

The UCRF grant application requires each applicant to provide a work plan specifying, among other things, the cases they intend to intervene in, the issues and strategies they intend to pursue and potential benefits to consumers. Individual board

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<sup>1</sup> This was the amount of funds the board understood was available for the grant year based on financial reports provided by LARA, the spending authorization approved and the adequacy of current and reserve funds. The issue of a 50/50 "shared" reserve fund was brought to the attention of the board in August 2014 and addressed thereafter.

members, the UCRF board assistant, and Attorney General staff review the proposals in advance and provide comments to the board. Any potential duplication among grantees or with the Attorney General is identified and reviewed for purpose and justification. The board has not approved or reduced funding in some cases for unsupported duplication. When multiple grantees are approved for funding in the same case, grantees must report to the board on their distinct contributions and strategies in those cases. Bi-monthly case status reports are required from grantees and testimony reviewed in order to prevent or address any potential duplication of effort. The board encourages coordination of effort where it serves the interest of consumers.

## *2.5 Administrative: Continued Efficiencies from 2014*

The Board achieved administrative efficiency in the following ways:

1. Implemented a grant review process requiring more detailed work plans.
2. Modified the grant review process to award grants in phases closer to the filing dates of actual cases.
3. Modified the grant review process to encourage more defined strategic focus areas by grantees.
4. Used the revised UCRF grant application designed by LARA Purchasing and Grant Services and the Michigan Attorney General's Office.
5. Requested the opinion of the Attorney General's office during grant review regarding the legal compliance of the individual grant applications with the governing statute or case law prior to the approval of grants and whether there was any objection to either the approval or the submission of individual grants to the State Administrative Board.
6. Requested the opinion of utility representatives present during grant review as to concerns or objections regarding the legal compliance of the individual grant applications with the governing statute or case law prior to the approval of grants and whether there was any objection to either the approval or the submission of individual grants to the State Administrative Board.
7. Renewed contract with part-time contractor to assist the Board and coordinate efforts with other parties of interest.
8. Followed regular bi-monthly meeting schedule.
9. Implemented bi-monthly case status reports from grantees.
10. Formalized process of written grant amendments and documented board approval prior to submission to LARA.
11. Continued regular board education sessions.
12. Revised annual report.
13. Coordinated with LARA staff to distribute board information and post public information on a web site.

## 3. UCRF GRANT RECIPIENT RESULTS

### *3.1 Cost/Benefit Analysis and Discussion*

In creating cost recovery mechanisms that allowed utilities to recover energy supply costs from ratepayers outside of a contested rate case, the Michigan Legislature assured that Michigan's residential energy customers would be effectively represented through the creation of the Utility Consumer Representation Fund (UCRF). UCRF funding is collected from assessments on utilities that use the cost recovery mechanism. This cost is paid by customers through their rates. Therefore, the revenue for the fund is generated from ratepayers and expended to assure their representation in utility cost recovery proceedings.

The PSCR and GCR cases have "plan" and "reconciliation" phases. The plan cases for each utility set the framework and establish the cost of fuel recoverable from all customers. The reconciliation phase looks back at the assumptions and



performance of the utility under the plan and “corrects” or “true-up” the plan factors with reality. The differences are then passed through to customers through collections, credits or refunds. UCRF grant funded parties advocate for the interests of residential customers in this process.

There are many factors that impact assessment of effectiveness of UCRF funded intervention on behalf of residential customers including: 1) certain cases and proceedings span more than one grant year; 2) proceedings, through the appeal process, may remain pending for several years; 3) impact of a decision in one year often continues to benefit ratepayers in future years; 4) outcomes may result from multiple parties interventions and may be reported (in whole or part) by each party; 5) lack of a standardized reporting approach and validation method; and 6) indirect benefits not reflected in direct cost reductions.

UCRF funded intervention in cases decided in 2015 calendar year (based on actual orders issued) again yielded substantial benefits for residential utility customers. The following are highlights of measurable benefits and results achieved for residential customers by consumer advocates using UCRF grant funds. Details of UCRF Grant Activity and Results are provided in **Attachment A**:

MEC efforts in U-17322 did not directly produce savings for residential customers, but lead to a settlement that produced savings in a subsequent DTE RE plan case (U-17793).

MEC arguments in U-16434-R resulted in the Commission’s clarification of statutory requirements for outage reporting, and a requirement that the DTE provide more information concerning under-projections of net purchase and sales expense and the Reduced Emissions Fuel Project (REF).

MEC involvement and support in U-16892-R helped other parties secure a disallowance of \$18.7 million dollars for the PSCR costs resulting from an outage at the Fermi 2 nuclear plant.

MEC efforts in U-17793 resulted in a settlement that, based on conservative assumptions, will save residential customers about \$3.3 million in total.

MEC and CARE joint efforts in U-17688 ultimately resulted in the Commission adopting the Staff’s recommendation and proposal for a production cost allocation of 75/0/25. The estimated long-term savings for residential customers is \$267 million, conservatively.

MEC and CARE joint efforts in U-17689 resulted in the Commission adopting the recommended time of use rates, and directed DTE to open its existing peak pricing rate to all customers with smart meters. If the Commission’s ordered method for production cost allocation remains in place into the indefinite future, the net present value of the long-term savings is about \$207 million. Participation in the nuclear decommissioning expense was primarily supported by MEC and CARE, they are claiming a greater share of credit for approximately \$44 million in long-term savings for residential consumers.

MEC arguments in U-17735 were specifically cited in the ALJ’s recommended rejection of Consumers Energy’s requested Investment Recovery Mechanism (IRM) rate increases for 2017- 2018; which the Commission supported based on policy considerations. Savings from the rejection are hard to estimate now because Consumers Energy filed a new rate case with a projected test year that will include much of 2017, a Commission decision on that case remains pending. The Commission did approve a rate increase, but it was reduced from the requested \$163 million, to \$126 million dollars.

MEC arguments in U-17767 led to customer protection from bearing the excess costs that would have resulted from uneconomic retrofitting projects supported by DTE. An increase in fixed monthly customer service charge for all customer classes was denied by the Commission; residential charges would have gone from \$6 to \$10 per month, among other undesirable factors, the increase would have had a disproportionate impact on low-income customers.

CARE involvement in U-17674 prevented Wisconsin Electric from recovering its Presque Isle costs twice, due to their recovery of those same costs through rates approved in Case No. U-16830. The settlement of this case saved ratepayers \$24,305 dollars.

CARE involvement in U-17094-R resulted in the removal of \$1,387,357.00 of fuel costs associated with the operation of the Rothschild Biomass Plant, a direct savings to customers.

CARE involvement in policy case U-17698 resulted in an estimated \$32 million in total savings to residential customers. I&M proposed to change the allocation of generation capital cost from 75% on 4CP demand and 25% on annual energy to 100% on 4CP demand. This would have cost residential customers an average of \$2.4 million per year. CARE opposed this change and the company withdrew that proposal and the settlement agreement did not allow this change.

CARE continued participating in MISO stakeholder committees, the Public Consumer Group Sector, and other groups and committees despite reduced funding for MISO activities. The total savings is estimated to be \$33,411,662 dollars or a 287:1 cost / benefit ratio.

RRC continued involvement in U-17332 resulted in the Commission's ruling for pricing transparency and due diligence of DTE Gas Company to ensure that the company in managing risks appropriately and facilitating affordable energy to customers.

RRC continued involvement in U-17331 resulted in the Commission adopting the recommendation that MGUC conduct a monthly review and evaluation of its Gas Customer Choice and GCR sales forecast, and endorsed the Company's approach to use 10 and 20-day Swing packages as a sound means of minimizing GCR system costs. As reported in the 2014 annual report, this could potentially result in more than \$160,000 in cost savings for customers.

RRC continued involvement in U-17334 resulted in the Commission ruling that Consumers Energy shall review its Gas Consumer Choice and End User Transportation tariffs and take appropriate steps to address potential inequities in its next gas rate case.

#### 4. FINANCIAL REPORTING AND GRANT ADMINISTRATION

##### *4.1 Calendar Year 2015 Remittances*

The following information is compiled and provided by the Michigan Department of Licensing and Regulatory Affairs (LARA) for purposes of the Annual Report.

Public Act 304 of 1982 requires annual remittances to the Fund from any regulated utility company serving at least 100,000 customers. The total size of the fund is set at \$500,000 multiplied by a factor "set by the Board at a level not to exceed the percentage increase in... The consumer price index for the Detroit standard metropolitan statistical area...between January 1981 and January of the year in which the payment is required to be made." Since enactment of Act 304, total remittances have been as follows:

1982	\$630,600	1999	\$864,600
1983	\$653,400	2000	\$899,000
1984	\$582,250	2001	\$930,650
1985	\$569,600	2002	\$946,150
1986	\$592,650	2003	\$981,150
1987	\$596,050	2004	\$988,350
1988	\$615,250	2005	\$1,013,299
1989	\$650,450	2006	\$1,052,150
1990	\$683,450	2007	\$1,069,450
1991	\$715,300	2008	\$1,096,950
1992	\$728,650	2009	\$1,088,750
1993	\$745,838	2010	\$1,103,851
1994	\$760,266	2011	\$1,125,700
1995	\$791,900	2012	\$1,176,700
1996	\$813,000	2013	\$1,198,650
1997	\$834,050	2014	\$1,204,750
1998	\$851,728	2015	\$1,173,850

Remittances due from the six utilities serving at least 100,000 customers are calculated from the proportion of each "company's jurisdictional 1981 operating revenues...compared to the 1981 total operating revenues of all energy utility companies" contributing to the fund. This proportion, initially calculated in 1982 and recalculated in 1996, remains constant, and was applied to the six remitting utilities in the amounts shown in the table below.

<u>Source of</u> <u>Calendar Year 2015 Remittance Revenue</u>		<u>Distribution of</u> <u>Calendar year 2015 Revenue</u>	
<u>Utility</u>	<u>Amount</u> <u>Contributed</u>	<u>Recipient Allocated</u>	
Consumers Energy	\$480,849	Attorney General (47.5%)	\$ 557,579
Detroit Edison Co.	332,997	Intervenor Grants (47.5%)	557,579
MichCon Gas Co.	294,503	Administration (5%)	58,692
Michigan Gas Utilities	25,431		\$1,173,850
SEMCO	28,650		
Indiana Michigan Power	11,420		
TOTAL	\$1,173,850		

Letters were sent to each utility on 3/25/15 and all remittances were made by 09/2015.

In addition to the calendar year 2015 utility fees, interest was earned for the Fiscal Year ending 9/30/15. This was allocated proportionately between the Attorney General and the intervenor grants. The intervenor proportion totaled \$598.

#### *4.2 Fiscal Year 2015 Appropriation and Accrued Funds*

Total funding available for awarding intervenor grants was \$902,500 for FY15 as shown below and \$950,000 FY15 authorization subject to budget approval.

Intervenor Grant Funding for fiscal year 2015:

Appropriation (Public Act 252 of 2014)	\$950,000
Less 5% for Administration	<u>(47,500)</u>
Appropriation Available for Intervenor Grants	\$ 902,500

New Revenue	\$557,579
Fiscal Year 2014 Unreserved Fund Balance	0
Fiscal Year Interest Earned from Common Cash Fund	<u>598</u>
Total Available if sufficient spending authorization	\$558,177

#### *4.3 Notification of Readiness to Proceed*

The Act requires that the Public Service Commission not act on "an application for an energy cost recovery proceeding...until 30 days after it has been notified by the Board or the director of the Energy Administration...that the Board or the director is ready to process grant applications, will transfer funds payable to the Attorney General immediately upon [their] receipt...and will within 30 days approve grants and remit funds to qualified grant applicants." Additionally, the Act requires that "in order to implement the gas [or power supply] cost recovery clause.... a utility annually shall file...a complete gas [or power supply] cost recovery plan...The plan shall be filed not less than 3 months before the beginning of the 12-month period covered by the plan." The electric utilities selected January 1 - December 31 as the 12-month plan period. Most of the gas utilities selected April 1 – March 31 as their 12-month period.

#### *4.4 Scope of Work*

Money from the UCRF, less administrative costs, "may be used only for participation in administrative and judicial proceedings under sections 6h, 6i, 6j, and 6k [of P.A. 304] and in federal administrative and judicial proceedings which directly affect the energy costs paid by Michigan energy utilities." The Attorney General has issued formal and informal opinions to guide the Board regarding cost matters that may be covered by Act 304 grants. The Act describes several kinds of proceedings. Cases required by statute are:

Gas supply and cost review	Power supply and cost review
Gas cost reconciliation	Power supply cost reconciliation

Decisions in any of these four proceedings may be appealed to the appropriate courts. Grant proposals compliant with the provisions of the Act were solicited for intervention in on-going and new GCR Plan cases, GCR Reconciliation proceedings, PSCR Plan cases, PSCR Reconciliation proceedings and other cases eligible under Act 304.

#### *4.5 Application and Selection Process*

Act 304 limits eligibility for funding to non-profit organizations or local units of government in Michigan, places specific additional restrictions on applicants, and suggests criteria that could be used in the selection process.

Applications for grants were received from the Residential Ratepayer Consortium (RRC), the Michigan Environmental Council (MEC), Citizens Against Rate Excess (CARE) and Great Lakes Renewable Energy Association (GLREA). The board followed a phased-in approach to awarding grants. Funding decisions were made as close to the filing of cases as possible in order to review the grant application work plans in more detail and render better decisions on potential benefits to consumers.

#### **5. UPDATE ON THE LEGISLATIVE REVIEW OF ACT 304**

Section 6m (23) of Act 304 requires a three-year legislative review of the costs and benefits attributable to the Act. The most recent review was conducted in 1986 by the House Public Utilities Committee. No further reviews have been conducted since the 1986 review. The findings and results of the 1986 review are presented below.

##### **1986 Legislative Review Findings**

In the fall of 1986, the Michigan Public Service Commission sought to resolve some of the issues identified in the public hearings by initiating a review of the various suggestions that were directed toward the Commission by the Board, interveners, and the utilities. Recommendations resulting from this review were submitted to the Commission in the spring of 1987. The following discusses the issues identified by the Board and their current status.

**ISSUE ONE:** The Public Service Commission should refrain from dismembering Act 304 by holding separate proceedings for certain energy cost issues. The shifting of these issues to non-Act 304 cases strains resources available for intervention on behalf of residential ratepayers. Interveners may have difficulty getting status and funding in the non-Act 304 cases. If they are able to intervene, they may be required to duplicate prior Act 304 efforts in the new proceeding. The Board is concerned that the wording of Section 6m (17) of Act 304 unduly limits the ability to award UCRF funds for non-Act 304 cases that have a direct impact on energy costs paid by residential electric and gas customers of Michigan utilities.

**STATUS:** While there has been improvement in the detail provided in the Commission's Notices of Hearing to alert the public that in the non-Act 304 cases, there may be issues that affect purchased gas or electric power supply costs, the Board remains restricted in its ability to grant funds outside of Act 304 cases. New options should be considered for protecting Michigan's residential customers in light of restructuring and escalating gas and electric rates. However, the restrictive language of this section restricts the Board's ability to solicit and award grants for innovative proposals. The urgency of this issue is heightened in 2007 with the energy legislation package under consideration in the Michigan Legislature. The effect of some aspects of this legislation will seriously compromise the ability for effective UCRF funded intervention on behalf of ratepayers.

**ISSUE TWO:** Numerous and lengthy delays in the Act 304 process were a serious problem up to 1991.

**STATUS:** The Commission has taken steps to reduce the delays with the goal of issuing orders within nine months of the filing. It has also initiated a staggered filing schedule for gas cost recovery cases. Since the Board cannot accept a utility's filing until 30 days after certification of readiness, early certification was needed to implement the staggered schedule. The Board supported the Commission's actions and in 1991, to allow for more staggering, the Board accelerated the entire grant

award process by two months. Also in 1991, the Commission issued Proposed Guidelines for Completion of Cases (Order No. U-9832). In 1992, the Commission's new policy effectively solved the problem of delays in the Act 304 process. The Board commends the Commission for its actions.

ISSUE THREE: The Public Service Commission should adopt a more aggressive review of the utilities' five-year cost projections. Annual review of a utility's five-year forecast, as required by Act 304, is intended to provide an opportunity for future cost containment and increased efficiency.

STATUS: The Board encourages the Commission to continue to increase its scrutiny of the five-year forecasts and to create more rigorous filing requirements. Further the Board encourages the Commission to place greater emphasis on conservation and energy efficiency as part of reasonable and prudent supply planning, particularly in light of increasing energy prices and limited mitigation options for residential energy customers.

ISSUE FOUR: The Public Service Commission should disallow the recovery of costs that were not allowed prior to Act 304.

STATUS: This issue is resolved. Michigan courts have endorsed the Commission's designation of energy costs that may be recovered by electric and gas utilities under Act 304.

ISSUE FIVE: Information provided by the utilities should be standardized to reduce the time and effort required by interveners spent in obtaining information needed for presenting cases to the Public Service Commission.

STATUS: Filing of standardized information was recognized as an area of need during the Public Service Commission's review in 1987. However, the Commission has issued no formalized requirement for standardized information, and there has been no increase in voluntary compliance by the utilities. This issue was examined again during 1989, but final recommendations were not reached on this issue. The Board continues its support for standardized filings as a means of reducing intervention costs and improving time frames for hearing cases. Further, standardized filing will improve the Board's ability to independently analyze the impact of UCRF funded intervention in Act 304 proceedings.

ISSUE SIX: There is a need for increased intervener funding. The amount of funding available for intervention has been limited to the annual appropriation less administrative and operating costs incurred. The board does not have the advantage of a large number of in-house experts during the plan and reconciliation case proceedings. Adequate funding is needed to secure technical assistance of expert witnesses to aid in the process of case investigation, analysis and cross-examination.

STATUS: Fees charged by the most prominent expert witnesses have increased at a faster rate than funds available for intervention, resulting in a net decrease in expert witness testimony on behalf of residential ratepayers. If the Attorney General is not participating in a case, and therefore not available to jointly sponsor an expert witness, the interveners are often forced to reject bids from the most qualified expert consultants due to the lack of funds. Additionally, utilities are becoming more active in sponsoring rebuttal testimony. The interveners' legal counsel continues to donate time for carry-over cases.

This need for increased resources is heightened by recent, dramatic structural changes in the electric and natural gas industries. Those changes have a profound effect on the energy costs paid by residential utility customers. Without additional funding to support interventions in the various forums in which key decisions about those costs are being made, there is a real danger that the interests of homeowners and renters will not be advocated and that they will ultimately bear an unreasonable share of those costs. The Board specifically requested an increase in the UCRF annual appropriation for the 2006-07 fiscal year. The annual appropriation for 2007 was increased substantially using accrued, unspent funds from previous years.

Increasing the spending authorization will be effective until the reserve is depleted.

Questions regarding this report should be addressed to:

Utility Consumer Participation Board

Attention: Kristin Myers

Finance and Administrative Services

Licensing and Regulatory Affairs

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## ATTACHMENT A: UCRF Grant Activity and Results

The following are results in cases in which an ORDER(S) has been issued in the period January 1, 2015-December 31, 2015. Some of the cases in which UCRF grantees participate in 2015 will not conclude until subsequent years. Results for those cases will be reported in future annual reports. Results are reported by grantees and audited by UCPB board staff based on an independent review of the record and edited for purposes of this annual report. Complete dockets related to the majority of cases are available through the Michigan Public Service Commission's Electronic Docket Filing System (eDocket) at [www.michigan.gov/mpsc](http://www.michigan.gov/mpsc). Results for individual cases may be verified by reviewing the case docket. MPSC case numbers have been included for purposes of research and validation.

### GRANTEE: MICHIGAN ENVIRONMENTAL COUNCIL (MEC)

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt Awarded (as amended)	Balance (12/31/2015)	Other financial support (matching funds, pro bono support, etc.)
U-17322 Order: January 27, 2015	DTE 2012 RE Reconciliation	13-04 and 14-03	\$45,400	\$0.00	\$11,736.55 in uncompensated time and expenses
<p>The Commission reversed a favorable PFD in a final order dated January 27, 2015. The hearing in this case established that due to the result in a prior case concerning transfer prices (U-16656), DTE will collect between \$23.8 and \$30.7 million more surcharge revenue than needed over the next couple years if a surcharge reduction is delayed until the company's next Renewable Energy (RE) plan case. Following the Commission's recent order in the renewable generating assets depreciation case (U-16991), the amount of excess surcharge revenue that DTE plans to collect will increase even further.</p> <p>The PFD recommended that the Commission reduce DTE's RE surcharges in this case, or reduce them in the pending 2013 RE reconciliation case (U-17632). The PFD recommended that the Commission should not wait to adjust surcharges again until the next biennial plan review case.</p> <p>The final order reversed the PFD, and the Commission's own prior rulings, and held that:</p> <p style="padding-left: 40px;"><i>The Commission previously contemplated that adjustments to the surcharge would be considered in the reconciliation case filed in August 2014, and this approach was recommended by the ALJ. However, DTE Electric and the Staff make a pertinent point, that revisions to surcharges should ideally be made in plan cases where all assumptions are examined and tested. Reconciliation proceedings are backward-looking, whereas plan cases incorporate revised cost and revenue assumptions on a going-forward basis.</i></p> <p>Then-Commissioner White filed a dissent. He stated:</p> <p style="padding-left: 40px;"><i>While I concur with the majority that Section 21 of Act 295 can be construed to permit the adjustment of surcharges in a renewable energy plan case, I also agree with MEC that the language in Section 49 of the Act is mandatory and requires the Commission to adjust the surcharge as part of a reconciliation proceeding. In addition, I find that the evidentiary record (and common sense) fully support a reduction in DTE Electric's surcharge now, rather than requiring DTE Electric customers to wait, possibly until mid-2016, for the company's next plan case to be resolved.</i></p> <p>MEC appealed the decision to the Michigan Court of Appeals. MEC ultimately withdrew the appeal in connection with the settlement of DTE's next RE plan case (U-17793), which produced identifiable savings for ratepayers. So, while the efforts in this case did not directly produce savings for residential customers, those efforts led to a settlement that produced savings in a subsequent case.</p>					
Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt Awarded (as amended)	Balance (12/31/2015)	Other financial support (matching funds, pro bono support, etc.)
U-16434-R	DTE 2011 PSCR Reconciliation	13-04	\$13,130.00	\$0.00	\$18,749.43 in uncompensated



Order: June 30, 2015					time and expenses
<p>The PFD was issued June 9, 2014 and was very favorable. On the issue of net purchase and sales expense, it recommended a denial of DTE's request to roll a \$148 million under-recovery into future years. The PFD also accepted many of MEC's arguments regarding the Reduced Emissions Fuel (REF) project, and recommended disapproval of the project. The PFD also recommended disallowances based on two outages lasting longer than 90 days that DTE did not report to the Commission, because the 90-day periods straddled calendar years 2010 and 2011.</p> <p>The Commission issued its order June 30, 2015. It largely reversed the PFD, but did make certain positive rulings. On the outage issue, the Commission agreed that the statute requires a utility to report all outages lasting greater than 90 days, and not to exclude outages at peaking units or outages that straddle a calendar year. For one of those outages, at River Rouge unit 3, the Commission disallowed <u>\$969,034</u> in costs resulting from that outage.</p> <p>The Commission did not uphold the ALJ's recommendation to deny costs related to the higher-than-projected net purchase and sales expense. However, the Commission referred this issue to Case U-16892-R, where it took reasonably positive action on it. See the discussion of that case, below, for more details. The Commission also referred further action on the REF project to Case U-16892-R, where it again took some reasonably positive action, described below.</p>					
Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt Awarded (as amended)	Balance (12/31/2015)	Other financial support (matching funds, pro bono support, etc.)
U-16892-R Order: June 30, 2015	DTE PSCR 2012 Reconciliation	13-04	\$40,400.00	\$0.00	\$7,316.25 in uncompensated time and expenses
<p>The PFD was issued April 17, 2015 and was very favorable. It recommended:</p> <ul style="list-style-type: none"> <li>• A disallowance of \$9 million due to variances from DTE's Periodic Outage Plan.</li> <li>• A warning requested by MEC that DTE must present evidence in the reconciliation regarding all generating unit outages, not just outages at baseload (non-peaking) units.</li> <li>• That DTE be required to file a complete and detailed accounting of its expense associated with selling untreated coal to the affiliate REF fuel companies and then buying back the same untreated coal from the fuel companies.</li> <li>• That DTE be required to present a detailed accounting of all REF sales, to ensure proper pricing and accounting for REF, and to present an explanation of operational effects of burning REF.</li> <li>• That DTE be directed to submit a detailed study of its generation and dispatching.</li> <li>• A disallowance of \$50,071,273 for the PSCR costs resulting from an outage at the Fermi 2 nuclear plant for which DTE was found to be at fault.</li> </ul> <p>The Commission issued its order June 30, 2015. Like the previous case, the order again reversed the PFD in large part, but also took some positive action. The order:</p> <ul style="list-style-type: none"> <li>• Reversed the \$9 million disallowance for variations to the Periodic Outage Plan, finding that DTE's explanations were sufficient.</li> <li>• Adopted the PFD's recommendation to caution DTE regarding outages at non-baseload units, stating: <p><i>[T]he Commission stresses that DTE Electric has a continuing statutory obligation to provide the Commission with 'clear and satisfactory evidence that the outage, or any part of the outage, was not caused or prolonged by the utility's negligence or by unreasonable or imprudent management.' MCL 460.6j (13) (c). The Commission expects DTE Electric to comply with the statute and provide the required evidence in future PSCR reconciliations for outages over 90 days for all generating units."</i> (Commission order, pp 10-11.)</p> </li> <li>• Adopted the PFD's recommendation to require DTE to submit a detailed study of its generation and dispatching in its next PSCR plan case, stating: <p><i>[T]his is not the first time that purchased power expenses have significantly exceeded the forecasted amounts and, therefore, the Commission finds that a more in-depth analysis of DTE Electric's generation fleet performance relative to the market would be beneficial to understand the root cause(s) of DTE</i></p> </li> </ul>					

*Electric's purchase of additional power and the potential impacts on customers, in both the near and long term. The Commission expects that this analysis would benchmark DTE Electric's generation to other generation units in terms of availability and efficiency based on available statistics, and attempt to distinguish anomalous events or conditions in a particular year such as 2012 from underlying unit characteristics and broader trends in plant performance. The analysis shall also include an evaluation of the methods used by the company to forecast generation and wholesale purchasing. In addition, DTE Electric shall explain how and why its actual generation has consistently been lower than projected. (Commission order, p 14.)*

- Reiterated its approval of the REF project but adopted the ALJ's recommendation to require DTE to file a detailed accounting of all REF sales, and to present an explanation of operational effects of burning REF. The Commission required DTE to file this report in the 2015 PSCR reconciliation case.
- Adopted the Staff's proposed disallowance of **\$18.7 million** for the Fermi 2 outage, finding that DTE was indeed at fault. MEC supported Staff on this issue but does not claim credit for it.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt Awarded (as amended)	Balance (12/31/2015)	Other financial support (matching funds, pro bono support, etc.)
U-17793 Order: November 5, 2015	DTE Renewable Energy Plan	15-02	\$15,150.00	\$4,209.68	\$4,517.40 in uncompensated time and expenses

This case was resolved through a contested settlement, approved by the Commission in a Final Order dated November 5, 2015. The settlement approved DTE's renewable energy plan update and advanced the date when the company began applying a surcharge of \$0 for all customer classes up to December 1st. According to DTE, the projected savings to all ratepayers from the surcharge reduction is \$1.25 million per month. The projected savings to residential customers from the settlement is about two-thirds of that, or approximately \$830,000 per month. To estimate the total savings to residential customers from the settlement, we used the following assumptions about the date when surcharges would have been reduced following a Commission order without the settlement:

- The ALJ would have met the PFD target of January 8, 2016.
- One month for exceptions and replies, or February 8, 2016.
- One month after that for a Commission order, or March 8, 2016.
- One month after that for DTE to implement the new surcharges, or April 8, 2016.

We believe these assumptions are conservative, because the process usually takes longer. Using these assumptions, a monthly savings of \$830,000 per month for residential customers, times four months, equals a total savings to residential customers of about **\$3.3 million**.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt Awarded (as amended)	Balance (12/31/2015)	Other financial support (matching funds, pro bono support, etc.)
U-17688 Order: June 30, 2015	Consumers Cost of Service	15-05 (joint between MEC and CARE)	\$100,000.00	\$5,799.89	\$3,024.87 in uncompensated time and expenses

In this case, Consumers Energy proposed changing several existing cost allocation methods. Specifically, the company proposed:

- Shifting from allocating fixed production costs based 50% on each customer class's average contribution to demand during 4 coincident peak hours, 25% on each class's on-peak energy use, and 25% on each class's total energy use (4CP 50/25/25); to a method allocating fixed production costs 100% on contribution to demand during the 4 coincident peak hours (4CP 100/0/0).
- Shifting from 12CP 50/25/25 to 12CP 100/0/0 for transmission costs.
- A minor modification in the method of distribution cost allocation.

- A change in the allocation of certain administrative and general expenses.

The following table summarizes the impacts of Consumers' proposal:

**Table 1. Impacts of Consumers Energy Allocation Proposals**

Method	Residential	Secondary Commercial	Primary/Industrial
Production allocated on 4CP 100/0/0	\$ 46 million	\$ 7 million	\$ (50 million)
Transmission allocated on 12CP 100/0/0	\$ 12 million	\$ 0	\$ (11 million)
Distribution allocated by voltage	\$ (1 million)	\$ (1 million)	\$ 2 million
Customer Admin & General Allocations	\$ 18 million	\$ 0	\$ (18 million)
<b>Total Impact</b>	<b>\$ 75 million</b>	<b>\$ 6 million</b>	<b>\$ (78 million)</b>

Staff proposed changing the production cost allocator from 4CP 50/25/25 to 4CP 75/0/25. MEC and CARE's advocacy focused on two key areas:

1. Opposing the proposals to modify allocation of fixed production costs, and arguing to maintain the existing 50/25/25 method.
2. Advocating for an order directing Consumers Energy to implement dynamic pricing and time-based rates that would charge higher prices for use during system peak hours and lower prices at other times. Time-based rates would charge customers for costs in proportion to how those costs are incurred, better tying rates to cost of service. Time-based rates would also send effective price signals that encourage customers to use the system in a way that reduces overall costs by reducing the need for new generation capacity.

The PFD was issued May 1, 2015. The Administrative Law Judge recommended denying both the Consumers and Staff proposals to change fixed production cost allocation, adopting our arguments. The PFD also found merit in our time-based rates proposal, but recommended deferring action on it for the time being.

The Commission issued its Order on June 30, 2015. The Commission partially reversed the ALJ on the production cost allocator, adopting the Staff's 75/0/25 proposal. While disappointing as a departure from the PFD, the Order does expressly adopt many of our arguments as the basis for rejecting the utility and industrial groups' 100/0/0 proposal. The Commission also adopted Consumers' position regarding the administrative and general expenses. The impact of these changes on residential customers is estimated in the following table:

**Table 2. Estimated Total Dollar Impact of Commission Order on Residential Customer Class**

Method	Residential
Production allocated on 4CP 75/0/25	\$ 26 million
Transmission allocated on 12CP 100/0/0	\$ 12 million
Distribution allocated by voltage	\$ (1 million)
Customer Admin & General Allocations	\$ 18 million
<b>Total Impact</b>	<b>\$ 55 million</b>

**Change from Proposed**

**\$ (20 million)**

The total reduction of **\$20 million per year** in the cost shift proposed by Consumers Energy is wholly attributable to the Commission's adoption of the compromise 75-0-25 method for production cost allocation instead of the company's proposed 100-0-0 method. If 75-0-25 remains the method for production cost allocation into the indefinite future, the net present value of the long-term savings is about **\$267 million** using a discount rate of 0.075 and assuming Consumers' total production costs do not increase. (Since total production costs will increase, this estimate is conservative.) MEC and CARE claim partial credit for these savings.

The Commission also adopted the MEC/CARE arguments regarding time-of-use rates, and directed Consumers to open its existing peak pricing rate to all customers with smart meters by January 1, 2017.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt Awarded (as amended)	Balance (12/31/2015)	Other financial support (matching funds, pro bono support, etc.)
U-17689 Order: June 15, 2015	DTE Electric Cost of Service	15-05	\$100,000.00	\$51.04	\$3,331.55 in uncompensated time and expenses

The issues in the DTE cost of service case were like the Consumers cost of service case. DTE proposed:

- Changing the production cost allocator from 12CP 50/25/25 to 4CP 100/0/0.
- Changing the transmission cost allocator from 12CP 50/25/25 to 12CP 100/0/0.
- A minor modification in distribution cost allocation.
- Changing the allocation of uncollectible account expense from a general cost of service to assigning responsibility to each customer class based on total write-offs from that class.
- In addition, ABATE proposed to use 4CP 100/0/0 to allocate nuclear decommissioning costs.

The following table summarizes the changes proposed:

**Table 3. Impacts of DTE and ABATE Allocation Proposals**

Method	Residential	Secondary Commercial	Primary/Industrial
Production allocated on 4CP 100/0/0	\$ 53.9 million	\$ 8.7 million	<b>\$ (59.2 million)</b>
Transmission allocated on 12CP 100/0/0	\$ 11.6 million	<b>\$ (1.0 million)</b>	<b>\$ (7.7 million)</b>
Distribution allocated by voltage	\$ 1.8 million	\$ 0.1 million	<b>\$ (1.7 million)</b>
Uncollectible Expense	\$ 22.8 million	<b>\$ (5.4 million)</b>	<b>\$ (16.5 million)</b>
Nuclear Decommission allocated on 4CP 100	\$ 3.3 million	\$ 2.3 million	<b>\$ (5.4 million)</b>
<b>Total Impact</b>	<b>\$ 93.4 million</b>	<b>\$ 4.6 million</b>	<b>\$ (90.4 million)</b>

Staff again proposed changing the production cost allocator from 4CP 50/25/25 to 4CP 75/0/25. MEC and CARE's advocacy in these cases focused on three key areas:

1. Opposing the proposals to modify allocation of fixed production costs, and arguing to maintain the existing 50/25/25 method.

2. Opposing the change in the allocation of nuclear decommissioning expense, because a nuclear plant is a purely base load unit whose costs should be allocated based on energy usage, not peak demand.
3. Advocating for an order directing DTE to implement dynamic pricing and time-based rates, like Consumers.

The PFD was issued on April 13, 2015. The Administrative Law Judge recommended (a) denying both the DTE and Staff proposals to change the production cost allocator; (b) denying ABATE's proposed change to the allocation of nuclear decommissioning expense; and (c) adopting our arguments and taking initial steps to implement dynamic pricing and time-based rates.

The Commission issued its Order on June 15, 2015. Like Consumers, the Commission partially reversed the ALJ on the production cost allocator, adopting the Staff's 75/0/25 proposal, while again adopting many of our arguments as the basis for rejecting the utility and industrial groups' 100/0/0 proposal. The Commission upheld the ALJ's recommendation to deny ABATE's proposal to reallocate nuclear decommissioning expense. Our participation on the nuclear decommissioning expense was important because the Staff was silent on the subject in testimony and briefing.

The total impact of these changes on residential customers is summarized in the following table:

**Table 4. Estimated Total Dollar Impact of Commission Order on Residential Customer Class**

Method	Residential
Production allocated on 4CP 75/0/25	\$ 38.4 million
Transmission allocated on 12CP 100/0/0	\$ 11.6 million
Distribution allocated by voltage	\$ 1.8 million
Uncollectible Expense	\$ 22.8 million
Nuclear Decommission allocated on 4CP 100	\$ 0
<b>Total Impact</b>	<b>\$ 74.6 million</b>
<b>Change from Proposed</b>	<b>\$ (18.8 million)</b>

Of the total reduction of **\$18.8 million per year** in the cost shifts proposed by DTE and ABATE, **\$15.5 million** is attributable to the Commission's adoption of the compromise 75-0-25 method for production cost allocation instead of the company's proposed 100-0-0 method; and **\$3.3 million** is attributable to the rejection of ABATE's proposal. If 75-0-25 remains the method for production cost allocation into the indefinite future, the net present value of the long-term savings is about **\$207 million** using a discount rate of 0.075 and assuming that DTE's total production costs do not increase. (Since total production costs will increase, this estimate is conservative.) MEC and CARE claim partial credit for these savings. If nuclear decommissioning expense continues to be allocated using the present method, the net present value of the long-term savings using the same discount rate is about **\$44 million**. MEC and CARE claim a greater share of credit for these savings, since Staff did not protest this change.

Once again, the Commission adopted our arguments regarding time-of-use rates, and directed DTE to open its existing peak pricing rate to all customers with smart meters by January 1, 2016.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt Awarded (as amended)	Balance (12/31/2015)	Other financial support (matching funds, pro bono support, etc.)
U-17735 Order: November 19, 2015	Consumers Energy Rate Case	15-02	\$61,837.25	\$1,837.19	\$3,640.33 in uncompensated time and expenses

Due to the support of partner organizations, MEC was able to participate in both Act 304 and non-Act 304 issues in this case. A recap of issues we participated in using at least some UCRF funding is:

1. Investment Recovery Mechanism – The Investment Recovery Mechanism, or IRM, was a proposal to pre-approve inclusion in rate base of the incremental revenue requirements associated with all of Consumers Energy's capital spending in 2017 and 2018, including depreciation, return on rate base, and property taxes. The total amounts requested under the IRM were **\$164 million** in 2017 and **\$78 million** in 2018. MEC focused opposition to the IRM on ratemaking policy, as well as on flaws in certain PSCR forecasts (market energy prices, natural gas prices, and capacity prices) that supported the IRM investments in fossil generation. The Commission disapproved the IRM, holding:

*The Commission agrees with the ALJ that policy considerations alone necessitate a decision declining to adopt Consumers' IRM proposal in this case. The IRM proposal appears to constitute a substantial single-issue rate case addressing a future period, without the benefit of accounting for cost reductions which will undoubtedly have occurred, or the benefit of reviewing expenditures for reasonableness and prudence. The Commission finds that the IRM proposal should be rejected. (Order p. 87).*

MEC claims partial credit for the defeat of the IRM because several parties opposed it; and yet some of our arguments were specifically cited by the ALJ in recommending its rejection. It is hard to estimate savings from the rejection of the IRM with any specificity because Consumers filed a new rate case with a projected test year that included much of 2017, and a Commission decision on those expenditures remains pending. That said, defeat of the IRM at least prevented automatic rate increases to residential customers of 4.3% in 2017 and another 2% in 2018.

2. Line Losses – The Commission declined to use the line loss estimate in the sales and load forecast (7.1% and declining) as MEC recommended, and instead endorsed Consumers' line loss study estimate (7.34% and static). (Order pp. 92-93). The Commission also rejected MEC's recommendation to require a system loss mitigation plan. The Commission did provide some positive direction to Staff to engage on losses going forward:

*Notwithstanding, the Commission recognizes the importance of understanding potential opportunities to reduce energy waste through the mitigation of line losses in the event such opportunities are cost-effective relative to other investments. Given that the functioning of the grid and replacement of aging distribution infrastructure will likely be of ever increasing importance in the coming years with the advent of emerging technologies, the Commission finds it is important to examine distribution planning in a holistic manner and base investment decisions on strong analytical support of the costs and benefits. The Commission therefore directs the Staff to engage with stakeholders on the process going forward, to educate and enhance understanding of this complex issue. (Order p. 93).*

3. Cost of Service – The Commission rejected Hemlock Semiconductor's request to re-visit the issue of production cost allocation. The Commission re-approved 4CP 75-0-25, the same allocator approved in the Cost of Service cases. (Order pp. 96-98).

Overall, the Commission approved a net rate increase of \$126 million out of a net increase requested of \$163 million.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt Awarded (as amended)	Balance (12/31/2015)	Other financial support (matching funds, pro bono support, etc.)
U-17767 Order: December 11, 2015	DTE Electric Rate Case	15-02	\$60,600.00	\$3,074.44	\$5,494.10 in uncompensated time and expenses

Due to the support of partner organizations, MEC was able to participate in both Act 304 and non-Act 304 issues in this case. A recap of issues in which UCRF funds were used at least in part is:

1. Dry Sorbent Injection and Activated Carbon Injection – DTE requested Commission approval of the inclusion in rate base of capital expenditures totaling \$239 million to install equipment for Dry Sorbent Injection (DSI) and Activated Carbon Injection (ACI) at its Belle River, Trenton Channel, St. Clair and River Rouge coal-fired units to comply with the Mercury and Air Toxics Standard and the Michigan Mercury Rule. The projects at Trenton Channel, St. Clair and River Rouge totaled \$182 million in capital cost.

DTE supported the investment in the Trenton Channel, St. Clair and River Rouge projects with economic evaluations conducted using two different types of modeling. For the Trenton Channel and St. Clair units, DTE used Strategist modeling to compare the total revenue requirements (including capital, O&M, and PSCR) of the retrofit projects to the total revenue requirements of retiring the units and allowing the Strategist model to decide whether to add new natural gas combined cycle generation or to purchase energy and capacity off the market. For River Rouge, DTE used PROMOD modeling to compare the revenue requirements of the retrofit project to retiring the plant and only purchasing market energy and capacity until 2020.

Two prior Commission decisions in PSCR cases had found DTE's economic support for these projects to be lacking. (Cases U-17097 and U-17319.) However, the Commission orders in those cases deferred final review of the DSI/ACI projects to this rate case.

To protect ratepayers from excessive costs, the Administrative Law Judge ("ALJ") recommended that DTE's future recovery of variable O&M expenses be capped at the projections contained in the 2013 and 2014 Net Present Value ("NPV") analyses used by DTE to support the DSI

and ACI retrofit projects. The ALJ made this recommendation because she found that DTE's sorbent expense projections were flawed, and that if more reasonable projections were used then some of the retrofit projects had negative NPVs – meaning they were uneconomic for customers. However, because the principal driver of the uneconomic NPVs was the effect of the sorbent expenses on the generating units' variable O&M costs, the ALJ held that limiting recovery of these costs was a more appropriate remedy than disallowing capital costs in rate base.

The Commission agreed that the ALJ's analysis of the evidence was compelling; and also agreed that customers should be protected from bearing excess costs resulting from uneconomic retrofits. However, the Commission rejected the ALJ's recommended cap on variable O&M costs, holding that it did not have the authority in a rate case to limit recovery of specific expense items in future PSCR proceedings. Instead, the Commission directed that in the PSCR cases, DTE would be required to show that projected sorbent expenses are reasonable and prudent; that such expenses would be trued-up on reconciliation; and that "while not agreeing to any cap here, the Commission certainly expects information on actual sorbent costs and refreshed net present value analyses to inform future decisions in PSCR proceedings about cost recovery associated with these marginal units."

2. Production cost allocator – Despite not appealing the Commission's order in DTE's recent cost of service case, Case No. U-17689, which adopted a 75-0-25 allocator for fixed production costs, DTE continued to argue for a 100-0-0 production cost allocator. MEC argued against this shift, and the ALJ and Commission agreed to leave the allocator at 75-0-25.
3. Fixed charges – DTE proposed to increase fixed monthly customer service charges for all customer classes. The proposed increase in residential charges was from \$6 to \$10 per month. Increasing fixed charges has PSCR ramifications because it discourages customer investments in energy efficiency and subverts efforts to send appropriate price signals – both of which are desirable factors that reduce overall PSCR costs. MEC and the Staff argued that the set of costs that DTE proposes to include in the customer charge is too broad. MEC also argued that the proposal would have a disproportionate impact on low-income customers. The ALJ and Commission agreed with these arguments, and denied the request to increase these fixed charges.

## GRANTEE: CITIZENS AGAINST RATE EXCESS (CARE)

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt Awarded	Balance (12/31/2015)	Other financial support (matching funds, pro bono support, etc.)
U-17670	Alpena 2015 Plan Case	15-01	\$990.90	\$0.00	None Reported.
RESULTS Order 1/27/2015. After review of LaFarge Call Option Agreement, CARE agreed to settle the case at a factor of 7.25 mills as originally filed.					
U-17671	Upper Peninsula Power Company Plan Case	15-01	\$2499.75	\$0.00	None Reported.
RESULTS Order 2/12/2015. After review, CARE agreed to settle the case as originally filed.					
U-17679	Indiana Michigan Power Company 2015 Plan Case	15-01	\$2499.75	\$0.00	None Reported.
RESULTS Order 3/23/2015.					
U-17674	Wisconsin Electric Power Company Plan Case	15-01	\$16,089.30	\$0.00	None Reported.
RESULTS Stipulation Entered 11/18/2015 and Order issued 5/14/2015. This case was one of the first cases at the MPSC to deal with the issue of how to account for over \$8 million of SSR support payments that WEPCO received every month from MISO. In fact, over a 14-month period,					



WEPCO was to receive over \$117 million in such payments. During this same time-period, there were complicating factors set in motion by WEPCO, most notably a proposal to split its Load Balancing Authority (LBA) into two regions, thereby shifting the costs of these huge dollar amounts onto Upper Peninsula's residential ratepayers. In its original application, Wisconsin Electric sought approval of maximum authorized PSCR factors of \$0.00240/kWh for the 2015. The proposed factor was calculated based upon: (i) the cost base of power supply included in base rates of \$45.47 per MWh at the customer level; (ii) a 2015 PSCR factor of \$0.00304/kWh; and (iii) a prior year's true-up factor of -\$0.00064/kWh. CARE filed extensive comments and the testimony of Douglas Jester in the case and worked with Staff to get the company to agree to not self-implement a monthly PSCR factor higher than \$0.00147 per kWh. In its Application in this case, Wisconsin Electric requested authority to exclude Presque Isle SSR charges and revenues from its PSCR costs. The Company reasoned that these SSR charges and revenues were deferred in the Company's last PSCR plan case (Case No. U-17312), and it assumed the payments would continue to be deferred. Wisconsin Electric should be required to use the SSR payments that it receives in 2015 to offset its 2015 PSCR costs. If Wisconsin Electric does not account for the SSR payments in its 2015 PSCR plan, the payments would be a windfall for the Company. Wisconsin Electric would be recovering its Presque Isle costs twice because, as already mentioned, the Company is also recovering its Presque Isle costs through rates approved in Case No. U-16830. To prevent double recovery, it was proposed to allow Wisconsin Electric to continue recovering these costs through rates (at least, until its next rate case) but to require the Company to credit the SSR payments it receives from MISO against its 2015 PSCR costs. The case was ultimately settled deferring the issue to future cases. Nevertheless, a huge issue was deferred and the settlement saved ratepayers \$24,305.00

U-17672	Wisconsin Public Service 2015 Plan Case	15-01	\$999.90	\$0.00	None Reported.
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RESULTS Order 5/14/2015. Discovery was issued and it was determined that the case could be settled without litigation. Subsequently the parties agreed to a settlement as originally filed.

U-17094-R	Wisconsin Electric Power Company 2013 Reconciliation	14-01	\$24,453.60	\$6,408.45	None Reported.
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RESULTS Order 7/23/2015. This case was interrelated with other cases pending at the Commission. On February 23, 2015, CARE witness Douglas Jester filed testimony in the WEPCO 2015 Plan case (U-17674) objecting to the way WEPCO had calculated the PSCR for generation from the Rothschild biomass plant. Jester recommended that the transfer price be limited as established in U-16662. On May 1, 2015, WEPCO removed \$1,387,357 of fuel costs associated with the operation of the Rothschild Biomass plant. It was agreed that the Rothschild costs that were to be recovered would only be the approved transfer price of \$64.62 per MWh. **Savings \$1,387,357.**

U-17298-R	Upper Peninsula Power Company 2014 Reconciliation Case	15-01	\$10,998.90	\$0.00	None Reported.
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RESULTS Order 9/10/2015. After review and discovery, CARE agreed to settle the case as originally filed.

U-17698	Indiana Michigan Power Company Cost of Service U-17698	15-07	\$50,000.00	\$6958.85	None Reported.
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RESULTS Order 8/14/2015. I&M proposed to change the allocation of generation capital cost from 75% on 4CP demand and 25% on annual energy to 100% on 4CP demand. This would have cost residential customers an average of \$2.4 million per year. CARE opposed this change and the company withdrew that proposal and the settlement agreement did not allow this change. Since this was a "policy case" the effect would have been ongoing, so the proper value of what was won for residential ratepayers is the net present value of a perpetual implementation of the change, which is estimated to be \$32 million. I&M also proposed to increase monthly fixed charges for residential customers from \$7.19 to \$9.10 with a corresponding reduction in kWh charges. While this would have been a no-net-revenue change, CARE opposed this change because it would have shifted costs onto low-income customers and weakened incentives for energy efficiency. The shift from kWh to fixed monthly charges would have been about \$2.5 million per year. As a rough estimate, this would have increased the annual bills of an average low income customer by 4%. The settlement did not include this change. The total savings to residential customers is estimated to be \$32 million if one divides the annual \$2.4 million in savings by a net present value factor of 0.75.



MISO/FERC Activities	MISO Activities	15-06	\$9,900.00	\$103.98	None Reported.
<p>While FY 2015 funding was drastically reduced for MISO activities due to financial constraints of the UCPB, members of CARE continued their activities participating in MISO stakeholder committees and the Public Consumer Group sector. Much of the 2015 focus was on SSR issues in the Upper Peninsula as discussed in MISO's SSR Cost Allocation workshop. Analysis of a Michigan-only LSE servicing the U.P. was made and revised as more and more costs were being allocated to Michigan's Upper Peninsula residential ratepayers. One solution that was proposed by CARE was to lower the kilovolt threshold for Market Efficiency Projects which would result in greater transmission import capacity into both the Upper and Lower peninsulas of Michigan. CARE members also regularly participated in the MISO Supply Adequacy Working Group and the Stakeholder Governance Reform committee which significantly reduced the number of stakeholder committees within the MISO governance process.</p> <p>Summary –Not including the ongoing UPPCO Rate Case (U-17895), CARE spent a total of \$125,919.67 in cases that were concluded in calendar year 2015 and received, on a conservative basis of \$3,787,357 worth of ratepayer savings resulting in a 30:1 cost/benefit ratio. If one were to extrapolate the net present value of the \$2.4 million of annual savings in the I&amp;M cost of service case, using a net present value factor of 0.75, the total savings would be \$33,411,662 or a 265:1 cost/benefit ratio.</p>					
U-17895	Upper Peninsula Power Company Rate Case	16-06	\$70,000.00 (includes \$20,000 additional grants in 2016)	\$ 1,279.60 (Balance as of 09/30/2016)	400 + hours of Pro Bono

This case was filed on Sept 18, 2015 with UPPCO requesting a \$13,155,928 rate increase. A disproportionate percent of that increase (170%) would be borne by residential ratepayers due to unjust and unreasonable cost allocation formulas adopted by a previous Commission Order. CARE fully litigated the case, held 3 days of hearings, several rounds of discovery and filed briefs, exceptions to the PFD and a rehearing request. The record consists of 53 exhibits and 1173 pages of transcript. The Commission issued an Order in the case granting UPPCO an increase of \$4,647,975. Had CARE not intervened in this case it would have likely settled somewhere between \$5.5 million and \$9.9 million. Estimating that the halfway point between these two amounts would have been a \$7.7 million settlement amount. Therefore, CARE submits that its Intervention saved customers \$3,052,025. However, given that a rehearing request has been made to the Commission, a final Order has not been issued. In the rehearing request, CARE is seeking additional savings in excess of \$70 million. This savings is not included in CARE's estimated 2015 savings (above). However, it will be included in the 2016 Annual Report.

## GRANTEE: RESIDENTIAL RATEPAYER CONSORTIUM

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt Awarded	Balance (12/31/2015)	Other financial support (matching funds, pro bono support, etc.)
U-16920-R	Michigan Gas Utilities Corp. 2012-2013 GCR Reconciliation	13-05	\$24,521.80 (6-4-2014)	\$0.00	\$0.00
<p>RESULTS: MPSC Order - 2/12/2015</p> <p>The expert witness testimony sponsored by the RRC recommended: (1) a \$37,250 disallowance because the GCR customers incurred unnecessary reservation charges when MGUC rejected a certain call/swing bid, and (2) a \$267,000 proposed disallowance for the excess costs incurred by MGUC when it used a faulty method to project both Gas customer choice and the daily delivery obligation for each alternative gas supplier in its GCR plan. In its February 12, 2015 order, the MPSC rejected both of the RRC's proposed disallowances. MGUC's GCR Reconciliation for 2012-2013 was approved as filed.</p>					
U-17332	DTE Gas Company 2014-2015 GCR Plan	14-06	\$21,940.00 (8/25/14)	\$0.00	\$0.00

<p><b>RESULTS: MPSC Order - 4/23/2015</b>  In this docket the RRC advocated that: (1) DTE's percentage of fixed price purchases should be limited to no more than 50%, and (2) the Commission should require DTE gas to provide information in future GCR plan cases regarding purchases to be made on behalf of GCR customers separately from purchases to be made on behalf of Gas Customer Choice customers in the event of colder than normal weather and warmer than normal weather. In its April 23, 2015 order the MPSC made it clear that it does <u>not</u> endorse DTE Gas Company's 75% fixed price purchase level and charged the Company with the duty "to manage risk and facilitate the affordability of gas to its GCR customers and address the risk mitigation costs and benefits under different conditions and provide a robust presentation of current and forecasted market conditions and fundamental economic considerations that affect gas supply and prices and to demonstrate the reasonableness and prudence of the company's strategy in future GCR plan and reconciliation proceedings". The Commission also ruled that DTE Gas Company is expected "to provide information showing the estimated supply amounts the utility expects to purchase on behalf of GCR and GCC customers, separately, in the event of CTN weather" in future GCR plan filings.</p>					
U-16921-R	DTE Gas Co. 2012-2013 GCR Reconciliation	13-05	\$13,250.20 (6-4-2014)	\$0.00	\$0.00
<p><b>RESULTS: MPSC Order - 5/14/2015</b>  The RRC presented testimony that advocated for a disallowance \$4,063,569 for DTE Gas Company's failure to make reductions to its Gas Customer Choice supplies related to the warmer than normal weather winter of 2011-12. The Commission ruled that "it is not convinced this proposed disallowance is justified." However, the Commission did order DTE Gas to provide more substantial and detailed information in future GCR reconciliation filings supporting the number, timing and size of its monthly fixed price purchases as advocated by the RRC in this and other DTE gas proceedings.</p>					
U-17334	Consumers Energy Company 2014-2015 GCR Plan	14-06	\$26,800.00 (8-25-2014)	\$0.00	\$0.00
<p><b>RESULTS: MPSC Order - 6/3/2015</b>  The Commission adopted the arguments presented by the RRC's witness that GCR customers have had to pay a disproportionate share of the costs of purchased gas during colder than normal and design day weather and that this problem needs to be remedied in the Company's GCR supply planning. The Commission charged Consumers Energy with reviewing its Gas Customer Choice and End User Transportation tariffs to take available steps to control GCC and EUT daily deliveries in the event of colder than normal weather going forward and to propose changes in the GCC and EUT tariff and program rules to address potential inequities in its next gas rate case.</p>					
U-17333	SEMCO Energy Gas Company 2014-2015 GCR Plan	14-06	\$19,240.00 (8-25-2014)	\$0.00	\$0.00
<p><b>RESULTS: MPSC Order - 6/30/2015</b>  The RRC's consultant performed a comprehensive audit of SEMCO's 2014-2105 GCR Plan. In his testimony, he provided a detailed description of his review and his findings on the Company's peak day forecast and its "Marquette Study", it's decision to obtain additional peaking storage, its purchases and storage and storage withdrawals during the winter period, and its overall storage operations. These are planning issues for which the RRC made recommendations to SEMCO for improving the operation of its system for the benefit of the GCR customers. The RRC did not ask the MPSC to disapprove or amend the Company's GCR plan to address these issues.</p>					
U-17331	Michigan Gas Utilities Corp. 2014-2015 GCR Plan	14-06	\$32,020.00 (8-25-14)	\$0.00	\$0.00
<p><b>RESULTS: MPSC Order - 6/30/2015</b>  The RRC presented testimony that recommended that MGUC conduct a monthly review and evaluation of its Gas Customer Choice customer and GCR sales forecast and that based on these evaluations MGUC should update its GCC customer and GCC sales forecasts in May and October and that the Company "become more aggressive with the use of Constraint Days for EUT". In its Order, the Commission adopted the first recommendation but rejected the second. The RRC's consultant also examined the Company's operation of its Partello/Anderson storage field and based on the Company's responses to discovery question filed by the RRC, he concluded that MGUC "is willing to monitor and maximize this storage field" for the benefit of GCR customers going forward. The RRC also endorsed the Company's approach to using 10-Day and 20-Day Swing packages as a sound means of minimizing GCR system costs.</p>					
U-17692	SEMCO Energy Gas Co. 2015-2016 GCR Plan	15-03	\$1,635.00 (4-17-15)	\$0.00	\$0.00
<p><b>RESULTS: MPSC Order - 8/14/2015</b>  The RRC filed a petition to intervene and performed a preliminary review of SEMCO's 2015-2016 GCR Plan. It withdrew its intervention on April 23, 2015 based on the Utility Consumer Participation Board's decision to constrain the funds awarded for Grant No. UCRF 15-03.</p>					
U-17132-R	SEMCO Energy Gas Company. 2013-2014 GCR Plan	15-03	\$11,445.00 (4-17-15)	\$396.00	\$0.00

**RESULTS: MPSC Order - 9/10/2015**

The RRC's consultant audited the Company's gas purchases including Monthly, Intra-Month, Swing, Infield Transfer and Peaking, SEMCO's storage operations and its pipeline utilization and capacity release results during both the summer and winter periods and the actual peak days and supply and the status of the Gas Customer Choice program and its attendant operations during the GCR year. He presented a detailed analysis of these areas of the Company's operations during 2013-2014 and concluded that no disallowances were warranted.

U-17690	Michigan Gas Utilities Corp. 2015-2016 GCR Plan	15-03	\$1,635.00 (4-17-2015)	\$0.00	\$0.00
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**RESULTS: MPSC Order - 10/27/2015**

The RRC filed a petition to intervene and performed a preliminary review of MGUC's 2015-2016 GCR Plan. It withdrew its intervention on April 23, 2015 based on the Utility Consumer Participation Board's decision to constrain the funds awarded for Grant No. UCRF 15-03.

**GRANTEE: GREAT LAKES RENEWABLE ENERGY ASSOCIATION (GLREA)**

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt Awarded (as amended)	Balance (12/31/2015)	Other financial support (matching funds, pro bono support, etc.)
<b>I. ELECTRIC CASES</b>					
<b>U-17317</b>	<b>CECo 2014 PSCR Plan</b>	<b>14-05</b>	<b>\$0 in 2015</b>	<b>\$0 in 2015</b>	<b>All work pro bono in 2015</b>
<b>Status/Results</b>  ALJ issued Proposal for Decision on 11/20/2015  No order issued by the MPSC in 2015 (MPSC issued an order on 5/20/2016 to be discussed in 2016 report).	<p>The report covering 2014 summarizes GLREA activity and filings in this case from 11/14/2013 through 12/22/2014. The following summarizes GLREA's activity in this case during 2015:</p> <p>12/11/2015 – GLREA Exceptions to the PFD issued on 11/20/2015</p>				
<b>U-17319</b>	<b>DECo 2014 PSCR</b>	<b>14-05</b>	<b>\$0 in 2015</b>	<b>\$0 in 2015</b>	<b>All work pro bono in 2015</b>
<b>Status/Results</b>  Order issued on 5/14/2015 approving the application	<p>The report covering 2014 summarized GLREA activity and filings for the period 11/14/2013 through 09/17/2014. The following summarizes GLREA's activity in this case during 2015:</p> <p>02/27/2015 - PFD issued by ALJ Feldman 03/25/2015 – GLREA Exceptions to PFD filed 05/14/2015 - MPSC Order issued. The MPSC Order found that GLREA's issues had merit and should be pursued in future cases. The MPSC Order indicated the pendency of energy legislation as a basis for caution in going forward with GLREA proposals or issues.</p>				
<b>U-17678</b>	<b>CECo 2015 PSCR</b>	<b>15-04</b>	<b>\$30,000.00</b>	<b>\$3.00</b>	<b>\$1,078.00 (pro bono)</b>
<b>Status/Results</b>  No MPSC Order issued in 2015 (MPSC Order issued on 6/9/2016 to be discussed in 2016 report).	<p>GLREA activity and filings for the period 11/25/2014 – 12/04/2014 is summarized in the 2014 report. The following summarizes GLREA's activity in this case during 2015:</p> <p>03/16/2015 - Issuance of GLREA's First Discovery Request to CEC 03/17/2015 - Issuance of GLREA's Second Discovery Request to CEC 03/24/2015 - Attended and participated in Motion Hearing 04/13/2015 - Direct Testimony and Exhibits of expert witness filed on behalf of GLREA 05/14/2015 - Response filed in Opposition to CEC Motion to Strike Testimony and Exhibits of GLREA Witness 05/18/2015 - Testimony and Exhibits of GLREA Witness admitted at hearing (except for minor strike of legal argument)</p>				

	07/01/2015 – Filed Initial Brief of GLREA 08/07/2015 – Filed Reply Brief of GLREA 11/13/2015 – PFD issued by Administrative Law Judge 12/04/2015 – Filed Exceptions of GLREA to the PFD 12/16/2015 – Filed Replies to Exceptions to the PFD				
<b>U-17680</b>	<b>DECo 2015 PSCR</b>	<b>15-04</b>	<b>\$20,000.00</b> <b>(as of 10/1/2014)</b>	<b>\$2.00</b>	<b>\$2,212.00 (pro bono)</b>
<b>Status/Results</b>  No MPSC Order issued in 2015 (order issued 01/09/2016 to be discussed in 2016 report).	GLREA activity and filings in 2014 covered in 2014 report. The following summarizes GLREA's activity in this case during 2015:  02/16/2015 - Issuance of GLREA's First Discovery Request to DECo Electric 03/19/2015 - Direct Testimony and Exhibits of Geoffrey C. Crandall filed on behalf of GLREA 05/04/2015 - Testimony and Exhibits of GLREA Witness Crandall admitted at hearing 06/18/2015 – Initial Brief on behalf of GLREA filed 11/13/2015 – Proposal-for-Decision (PFD) of Administrative Law Judge issued 12/04/2015 – Exceptions to PFD filed on behalf of GLREA				
<b>U-17792</b>	<b>CECo PA 295 Renewable Energy Plan</b>	<b>16-03</b>	<b>\$12,500.00</b>	<b>\$6,518.78</b>	<b>All work prior to 10/01/15 was pro bono</b>
<b>Status/Results</b>  No MPSC Order issued in 2015 (orders issued on 03/29/2016 and on 06/09/2016 to be discussed in 2016 report).	The following summarizes GLREA's activity in this case during 2015:  07/06/2015 – Intervention on behalf of GLREA filed 08/19/2015 – Testimony and Exhibits of Expert Witness filed on behalf of GLREA 11/06/2015 – Response of GLREA to Motion to Strike Testimony of Expert filed 11/10/2016 – GLREA participation in hearings 12/02/2015 – GLREA Exhibits admitted at hearing filed 12/04/2015 – Filed Initial Brief of GLREA 12/18/2015 – Filed Reply Brief of GLREA				
<b>U-17793</b>	<b>DTE PA 295 – Renewable Energy Plan</b>	<b>16-03</b>	<b>\$12,500.00</b>	<b>\$10,627.46</b>	<b>All work prior to 10/01/15 was pro bono</b>
<b>Status/Results</b>  MPSC Order issued on 10/07/15 finding that contested case settlement should be denied. Order issued on 11/5/2015 approving settlement agreement following hearings  MPSC Order issued on 12/11/2015 that contracts are compliant	The following summarizes GLREA's activity in this case during 2015:  07/06/2015 – Intervention on behalf of GLREA filed 08/26/2015 – Testimony and Exhibits of Expert Witness filed on behalf of GLREA 09/17/2015 – GLREA Partial Consent to, and objections in part to, Settlement Agreement filed 10/07/2015 – MPSC issues Order denying approval of contested settlement based upon GLREA objections 10/13/2015 – Notice of Filing Testimony and Exhibits on behalf of GLREA filed 10/20/2015 – Attended and participated in hearing 10/20/2015 – Filed Exhibits of GLREA that were admitted at hearing 11/05/2015 – MPSC Order approves settlement agreement post-hearing 12/11/2015 – MPSC Order issued finding that certain DTE contracts filed after hearings and MPSC Order are compliant  NOTE: DTE Electric filed an amendment to its U-17793 REP on 06/30/2016 consistent in part with GLREA recommendations in the 2015 hearings, which will be discussed in 2016 report.				
<b>U-17918</b>	<b>CECo 2016 PSCR Plan</b>	<b>16-03</b>	<b>\$12,500.00</b>	<b>\$12,027.32</b>	<b>\$0</b>
<b>Status/Results</b>  No MPSC Orders issued in 2015 (order issued on	The following summarizes GLREA's activity in this case during 2015:  11/11/2015 – Intervention on behalf of GLREA filed 12/04/2015 – GLREA Intervention granted at pre-hearing				

10/11/2016 to be discussed in 2016 report).	GLREA activity and filing in 2016 to be summarized in 2016 report				
<b>U-17920</b>	<b>DTE 2016 PSCR Plan</b>	<b>16-03</b>	<b>\$12,500.00</b>	<b>\$11,063.78</b>	<b>\$0</b>
<b>Status/Results</b>  No MPSC Order yet issued	<p>The following summarizes GLREA's activity in this case during 2015:</p> <p>11/11/2015 – Intervention on behalf of GLREA filed  11/18/2015 – GLREA Intervention granted at pre-hearing</p> <p>GLREA activity and filing in 2016 to be summarized in 2016 report</p>				

## **ATTACHMENT B: UCRF 2014-15 GRANTEES**

### **Membership Scope and Description**

**Residential Ratepayer Consortium (RRC)** is comprised of The Area Agencies on Aging Association of Michigan (AAAAM) and the Michigan League for Public Policy (MLPP).

**The Area Agencies on Aging Association of Michigan (AAAAM)** [www.mi-seniors.net](http://www.mi-seniors.net). Nonprofit organization composed of 16 local area agencies on aging that serve Michigan citizens age 60 and older in all eighty-three Michigan counties. Based on 2010 census statistics, that represents 19.5% of the total state population. Local area agencies include:

1-A Detroit Agency on Aging

Serves Detroit, Hamtramck, Highland Park, Grosse Pointe, Grosse Pointe Park, Grosse Pointe Shores, Grosse Pointe Woods, Grosse Pointe Farms, and Harper Woods cities.

1-B Area Agency on Aging 1-B

Serves Livingston, Macomb, Monroe, Oakland, Washtenaw, and St. Clair Counties.

1-C The Senior Alliance, Inc

Serves Wayne County except areas served by 1-A

2 Region 2 Area Agency on Aging

Serves Jackson, Hillsdale, and Lenawee Counties.

3-A Region 3-A Area Agency on Aging

Serves Kalamazoo County.

3-B Region 3-B Area Agency on Aging (616) 966-2450

Serves Barry and Calhoun Counties.

3-C Region 3-C Area Agency on Aging

Serves Branch and St. Joseph Counties.

4 Region IV Area Agency on Aging

Serves Cass, Berrien, and Van Buren counties.

5 Valley Area Agency on Aging

Serves Genesee, Lapeer, and Shiawassee Counties.

6 Tri-County Office on Aging

Serves Clinton, Eaton, and Ingham Counties.

7 Region VII Area Agency on Aging

Serves Bay, Clair, Gladwin, Gratiot, Huron, Isabella, Midland, Saginaw, Sanilac, and Tuscola Counties.

8 Area Agency on Aging of Western Michigan, Inc.

Serves Allegan, Ionia, Kent, Lake, Mason, Mecosta, Montcalm, Newaygo, and Osceola Counties.

9 Region IX Area Agency on Aging

Serves Alcona, Arenac, Alpena, Cheboygan, Crawford, Iosco, Montmorency, Ogemaw, Oscoda, Otsego, Presque Isle, and Roscommon Counties.

10 Area Agency on Aging of Northwest Michigan

Serves Antrim, Benzie, Charlevoix, Emmet, Grand Traverse, Kalkaska, Leelanau, Manistee, Missaukee, and Wexford Counties.

11 U.P. Area Agency on Aging, UPCAP Services, Inc. Serves Alger, Baraga, Chippewa, Delta, Dickinson, Gogebic, Houghton, Iron, Keweenaw, Luce, Mackinac, Marquette, Menominee, Ontonagon, and Schoolcraft Counties.

14 Senior Resources of West Michigan

Serves Muskegon, Oceana, and Ottawa Counties.

**Michigan Environmental Council (MEC)** [www.environmentalcouncil.org](http://www.environmentalcouncil.org). Statewide nonprofit public interest and environmental organization consisting of over 70 public health and environmental organizations, having over 200,000 members.

**Citizens Against Rate Excess (CARE)** [www.utilityratetwatch.org](http://www.utilityratetwatch.org). Michigan non-profit corporation that serves as a consumer watchdog group to focus on utility rates. They have members across the State of Michigan, mostly in outstate Michigan, including the Upper Peninsula. The goal of the organization is to seek grants from the UCPB and help the Board “maximize the number of hearings and proceedings with intervener participation” as provided by MCL 460.6m(18). For example, Intervener participation in PSCR cases of the electric utility companies that serve the upper peninsula have been rare and this organization has filled that gap. The organization also sought to fill the void in the lack of Michigan residential ratepayer participation in federal proceedings “which directly affect the energy costs paid by Michigan utilities,” MCL 460.6m(17). The objective to participation in these federal proceedings is to prevent Michigan utilities and their Michigan residential ratepayers from being disproportionately allocated expenses (i.e. transmission, etc.) that may benefit other states substantially more than Michigan.

**Great Lakes Renewable Energy Association (GLREA)** [www.glrea.org](http://www.glrea.org). GLREA is a state-wide non-profit that promotes renewable energy by advocating for stronger state policies and by informing and educating Michigan citizens, organizations, and leaders on how they can achieve a greater use of renewable energy and its many economic and environmental benefits.